

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 2 of 25

clear if the term "system" refers to a "method" or an "apparatus". He stated that clarification is required.

B) Claim Rejections - 35 USC § 103: Claims 1 and 3-7 were rejected under 35 U.S.C. 103(a) as being unpatentable over Kane (US Patent 6,317,728 B1) in view of Guttermann et al (US Patent 5,297,031).

The examiner stated that with reference to claims 1, 4 and 5, Kane teaches a method and system for providing downside protection of stock market investments for managing an investment portfolio by an automated data processing system having a memory with an input device connected with the automated data processing system, the method comprising the steps of entering a name of a security into the automated data processing system through the input device (See Kane Column 1 lines 4-14); storing the name of the security in the memory (See Kane Column 1 lines 4-14); entering a buy price of the security into the automated data processing system through the input device (See Kane Column 1 lines 4-14); storing the buy price of the security in the memory as the high value (See Kane Column 1 lines 4-14); linking the automated data processing system by a data link to current stock information (See Kane Column 2 lines 31-34); reading a market price of the security from the current stock information (See Kane Column 2 lines 31-34); comparing the market price of the security to the high value (See Kane Column 2 lines 31-34); comparing the sell threshold price to the market price, and executing a sell event when the market price is below the sell threshold price (See Kane Column 2 lines 31-34) and repeating the linking steps until the sell event occurs (See Kane Column 2 lines 46-50). A computer-readable medium having imprinted therein a computer program containing instruction steps such that upon installation of the computer program in a general-purpose computer for performing the method above is inherent in the disclosure of Kane.

The Examiner further stated that Kane does not explicitly teach a trailing stop loss order processing which includes the steps of entering a stop loss percentage for the security into the automated data processing system through the input device,

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 3 of 25

storing the stop loss percentage for the security in the memory, when the market price of the security exceeds the high value, setting the high value equal to the market price of the security to generate a new high value, storing the new high value for the security in memory as the high value, multiplying the stop loss percentage by the high value and subtracting the resulting product from the high value to generate a sell threshold price, and repeating the steps of setting new high value through generating a sell threshold price till the sell event occurs.

The Examiner stated that Guttermann teaches a trailing stop loss order which includes the steps of entering a stop loss percentage for the security into the automated data processing system through the input device, storing the stop loss percentage for the security in the memory, when the market price of the security exceeds the high value, setting the high value equal to the market price of the security to generate a new high value, storing the new high value for the security in memory as the high value, multiplying the stop loss percentage by the high value and subtracting the resulting product from the high value to generate a sell threshold price, and repeating the steps of setting new high value through generating a sell threshold price till the sell event occurs (See Guttermann Column 4 lines 1-5).

The Examiner also stated that both Kane and Guttermann are concerned with managing trading of securities for customers. It would have been obvious to one with ordinary skill in the art at the time of the current invention to include the teaching of Guttermann to the invention of Kane. The combination of the disclosures taken as a whole suggests that customers would have benefited from being able to gain as much as possible from a major move upward move while making certain that they can probably lose back only a little of the gain.

The Examiner stated that with reference to claim 3, Kane teaches the step wherein the sell event further includes printing a summary of the sell information (See Kane Column 2 lines 46-50).

The Examiner further stated that with reference to claims 6 and 7, Kane teaches the means for automatically selling the security when the sell event occurs (See Kane Column 2 lines 46-50) and a data link connected to provide current stock

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 4 of 25

information for entering the current market price (See Kane Column 1 lines 4-24 and Column 2 lines 30-50).

C) Claims 2 and 8 were rejected under 35 U.S.C. 103(a) as being unpatentable over Kane (US Patent 6,317,728 B1) in view of Guttermann et al (US Patent 5,297,031) and further in view of Reference U.

The Examiner stated that Kane and Guttermann teach a method and system of claims 1 and 5 as discussed above including the steps of entering a maximum stop loss amount into the automated data processing system through the input device, the maximum stop loss amount representing a maximum amount for the security to decrease from the high value at which point the security should be sold and storing the maximum stop loss amount in the memory (See Kane Column 2 lines 30-50 and Guttermann Column 4 lines 1-5).

The Examiner further stated that Kane and Guttermann do not explicitly teach the step of comparing the stop loss percentage multiplied by the high value to the maximum stop loss amount, and when the stop loss percentage multiplied by the high value exceeds the maximum stop loss amount, the maximum stop loss amount is used to generate the sell threshold price.

The Examiner also stated that Reference U teaches the step of setting a limit on the maximum possible loss without setting a limit on the maximum possible gain for an investor (See Reference U). This step is interpreted to include the step of comparing the stop loss percentage multiplied by the high value to the maximum stop loss amount, and when the stop loss percentage multiplied by the high value exceeds the maximum stop loss amount, the maximum stop loss amount is used to generate the sell threshold price.

The Examiner stated that Kane, Guttermann and Reference U are concerned with managing trading of securities for customers. It would have been obvious to one with ordinary skill in the art at the time of the current invention to include the disclosures of Reference U and Guttermann to the invention of Kane. The combination of the disclosures taken as a whole suggests that customers would have benefited from being able to gain as much as possible from a major move

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 5 of 25

upward move while making certain that they can probably lose back only a little
of the gain.

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 6 of 25

Amendments to the Claims: The following is a listing of all claims in the application with their status and the text for all active claims.

1. (original) A method for providing downside protection of stock market investments for managing an investment portfolio by an automated data processing system having a memory with an input device connected with the automated data processing system, the method comprising the steps of:
 - a. entering a name of a security into the automated data processing system through the input device;
 - b. storing the name of the security in the memory;
 - c. entering a stop loss percentage for the security into the automated data processing system through the input device;
 - d. storing the stop loss percentage for the security in the memory;
 - e. entering a buy price of the security into the automated data processing system through the input device;
 - f. storing the buy price of the security in the memory as the high value;
 - g. linking the automated data processing system by a data link to current stock information;
 - h. reading a market price of the security from the current stock information;
 - i. comparing the market price of the security to the high value, and when the market price of the security exceeds the high value, setting the high value equal to the market price of the security to generate a new high value;
 - j. storing the new high value for the security in memory as the high value;

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 7 of 25

- k. multiplying the stop loss percentage by the high value and subtracting the resulting product from the high value to generate a sell threshold price;
 - l. comparing the sell threshold price to the market price, and executing a sell event when the market price is below the sell threshold price; and
 - m. repeating the linking step g through the comparing the sell threshold price step l until the sell event occurs.
2. (original) A method for providing downside protection of stock market investments as set forth in claim 1 further comprising the steps of:
 - a. entering a maximum stop loss amount into the automated data processing system through the input device, the maximum stop loss amount representing a maximum amount for the security to decrease from the high value at which point the security should be sold;
 - b. storing the maximum stop loss amount in the memory;
 - c. comparing the stop loss percentage multiplied by the high value to the maximum stop loss amount, and when the stop loss percentage multiplied by the high value exceeds the maximum stop loss amount the maximum stop loss amount is used to generate the sell threshold price; and
 - d. calculating the sell threshold price using the maximum stop loss amount by subtracting the maximum stop loss amount from the high value of the security.

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 8 of 25

3. (original) A method for providing downside protection of stock market investments as set forth in claim 1 wherein the sell event further includes printing a summary of the sell information.
4. (currently amended) A computer-readable medium having imprinted therein a computer program containing instruction steps such that upon installation of the computer program in a general-purpose computer, ~~the computer is capable of performing the method of claim 1~~ provides for downside protection of stock market investments for managing an investment portfolio by an automated data processing system having a memory with an input device connected with the automated data processing system and cause the general-purpose computer to perform the steps of:
 - a. entering a name of a security into the automated data processing system through the input device;
 - b. storing the name of the security in the memory;
 - c. entering a stop loss percentage for the security into the automated data processing system through the input device;
 - d. storing the stop loss percentage for the security in the memory;
 - e. entering a buy price of the security into the automated data processing system through the input device;
 - f. storing the buy price of the security in the memory as the high value;
 - g. linking the automated data processing system by a data link to current stock information;
 - h. reading a market price of the security from the current stock information;

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 9 of 25

- i. comparing the market price of the security to the high value, and when the market price of the security exceeds the high value, setting the high value equal to the market price of the security to generate a new high value;
- j. storing the new high value for the security in memory as the high value;
- k. multiplying the stop loss percentage by the high value and subtracting the resulting product from the high value to generate a sell threshold price;
- l. comparing the sell threshold price to the market price, and executing a sell event when the market price is below the sell threshold price; and
- m. repeating the linking step g through the comparing the sell threshold price step l until the sell event occurs.

5. (currently amended) A system for providing downside protection of stock market investments comprising:

- a. an input device for receiving entry of a name of a security, a stop loss percentage for the security, and a buy price for the security by a user, and for receiving entry of a market price of the security;
- b. a memory operationally connected to the input device to store the name of the security, the stop loss percentage for the security, the buy price for the security, and a high value for the security;
- c. an automated data processor operationally connected with the input device and the memory, the automated data processor being operative for determining if the market price is higher than the high value of the security, and for determining if the market price of the security is less than a sell threshold price where the sell

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 10 of 25

threshold price is the product of the stop loss percentage times the high value of the security subtracted from the high value of the security and if so then to initiate a sell event; and

- d. an output device to notify the user of the sell event.
6. (original) A system for providing downside protection of stock market investments as set forth in claim 5 wherein the output device further comprises the means for automatically selling the security when the sell event occurs.
7. (original) A system for providing downside protection of stock market investments as set forth in claim 6 wherein the input device is configured to receive the market price of the security and includes:
 - a. a data link connected to provide current stock information for entering the current market price.
8. (original) A system for providing downside protection of stock market investments as set forth in claim 7 wherein:
 - a. the input device includes a means for entering a maximum stop loss amount;
 - b. the memory includes a means for storing the maximum stop loss amount; and
 - c. the processor includes a means for determining if the market price is less than the high value minus the maximum stop loss amount, and when the market price is less than the high value minus the maximum stop loss amount, calculating the sell

Application Number: 09/774,147
Amendment Dated 6/24/2005
Reply to Office Action of March 25, 2005

Page 11 of 25

threshold price by subtracting the maximum stop loss amount from the high value.